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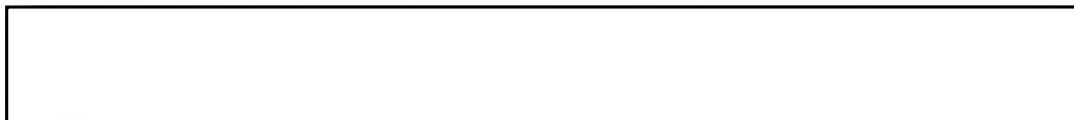
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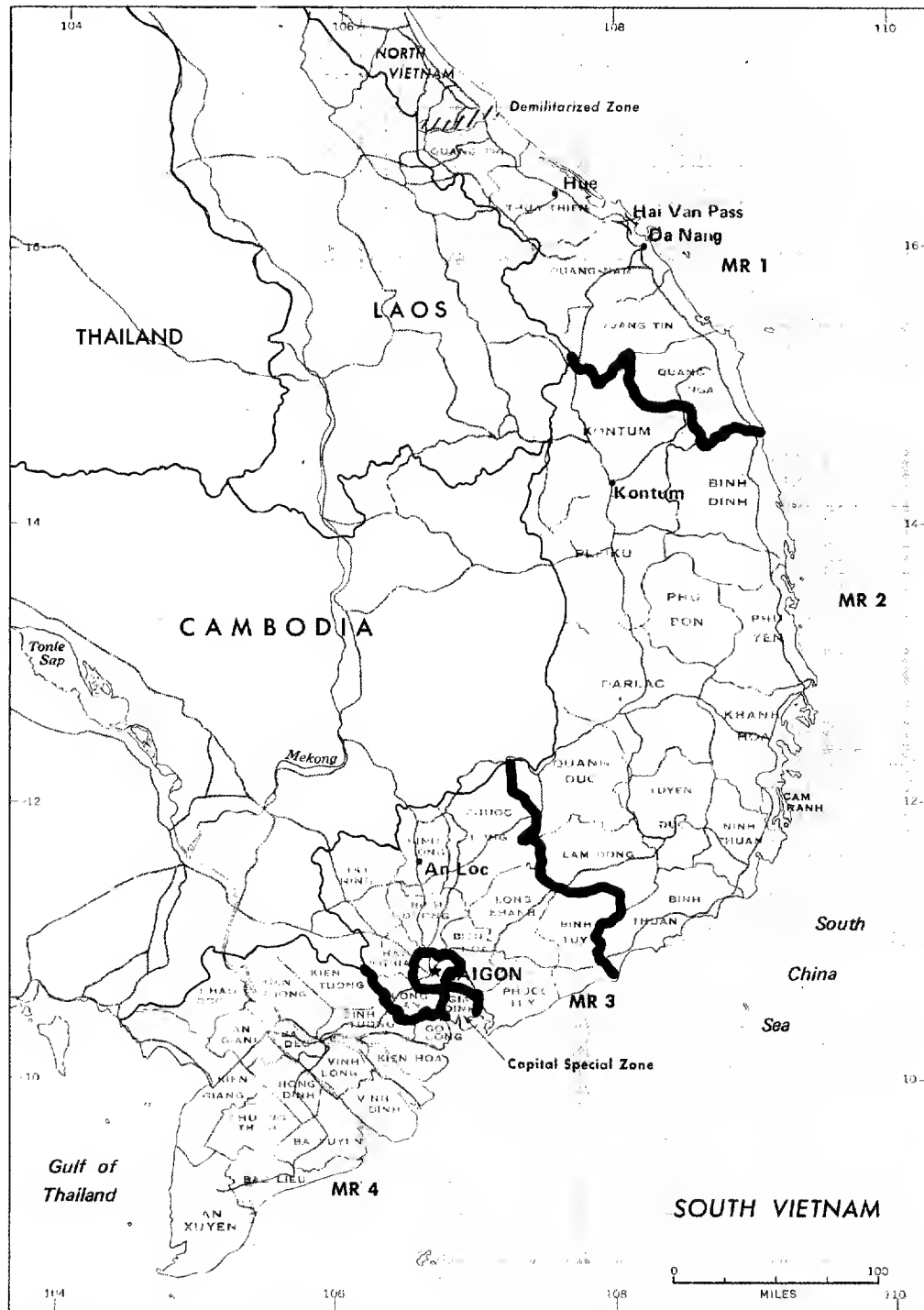
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VIETNAM: South Vietnam's major battlefields are relatively quiet as both sides get ready for increased activity.

In Military Region 1, the Communists are conducting reconnaissance missions. Communist sappers have interdicted Route 1 between Hue and Da Nang by damaging a large bridge just north of the Hai Van Pass, after driving off defending government troops. Government forces are conducting operations west of Hue and have recaptured three positions.

Enemy pressure on Kontum City in the central highlands during the past two days has included shellings of the airport that destroyed three transport planes and two helicopters. With overland routes to Kontum subject to frequent interdiction, such enemy attacks against the airfield and aircraft trying to use it will further complicate resupply operations for the city.

The government task force that is trying to open Route 13 to An Loc has so far made little progress. Late on 16 May, however, two 155-mm. howitzers were set up about five miles from the city, thus providing the defenders with the first direct artillery support they have had since the enemy siege began in early April.

[REDACTED]

[REDACTED]

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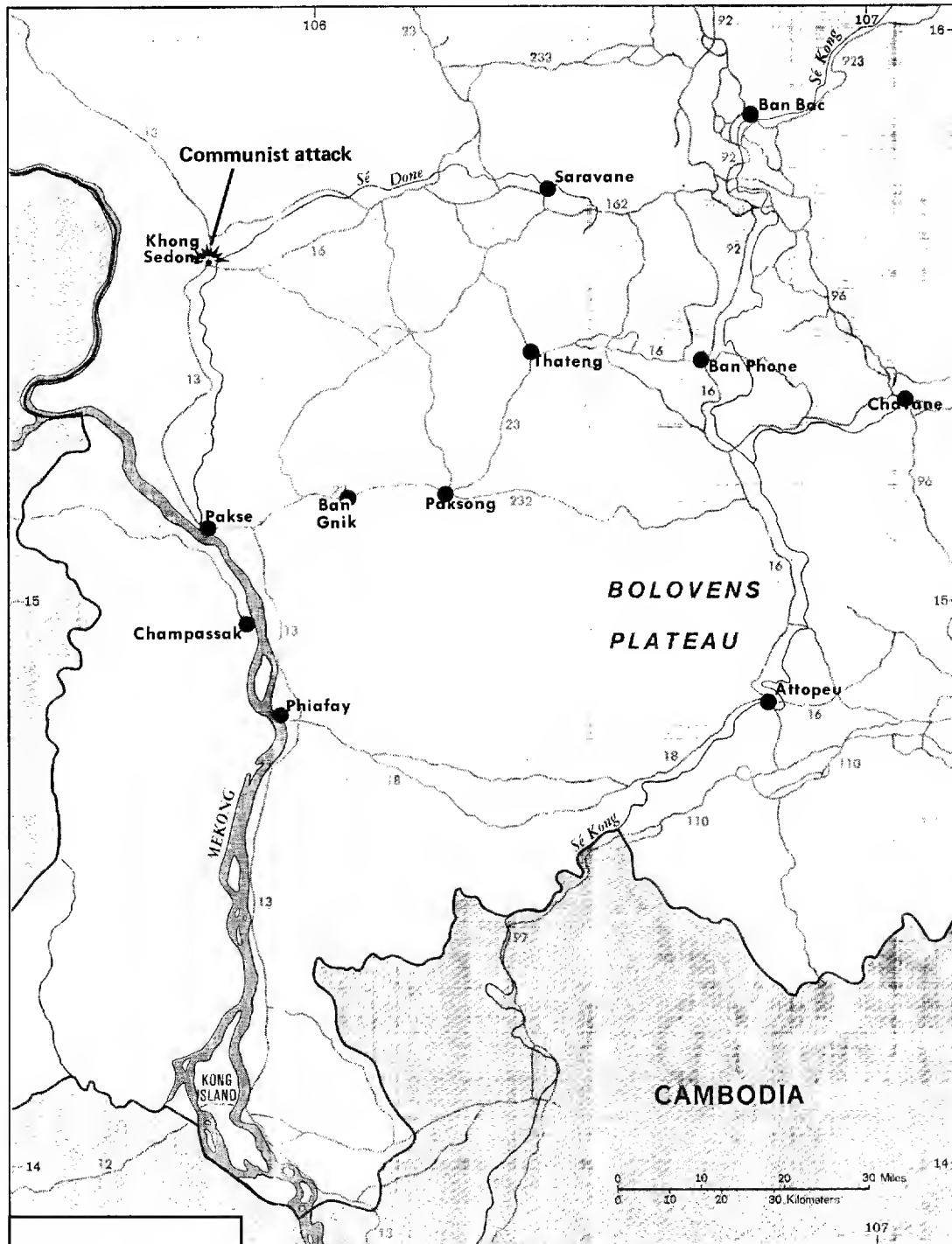
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LAOS: Bolovens Plateau Area



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- Government-held location
- Communist-held location

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LAOS: The government is abandoning Khong Sedone, a provincial capital in south Laos some 30 miles from Pakse.

The Lao Army battalion garrisoned at Khong Sedone withdrew to positions about one mile south of the town after the Communists shelled their main camp and Communist ground troops overran a nearby outpost. Most of the town's 2,500 inhabitants have fled, and a small force of police and armed civilians is expected to withdraw shortly.

Small North Vietnamese and Pathet Lao units have shelled and probed Khong Sedone in the past, but the town has never before been in enemy hands. A North Vietnamese rallier claimed in April that the Communists did not intend to hold the town if the government pulled out.

By attacking Khong Sedone, the Communists probably hope to forestall rainy season forays by the government into the Bolovens Plateau. The loss of the town cuts the government's principal route north from Pakse. Government leaders in south Laos presumably will order troops currently in reserve at Pakse to recapture Khong Sedone.

In north Laos, government irregulars have made little progress in their campaign to retake the hills southwest of the Plaine des Jarres. The four-battalion task force that has been trying to move toward Phou Pha Sai, a strategic high point overlooking the Plaine, has suffered numerous casualties, and some units have pulled back. [REDACTED]

[REDACTED]

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USSR: The leadership is preparing the Soviet public for the President's visit and providing a justification for its policy of restraint in Vietnam.

Major Soviet newspapers on 16 and 17 May carried lead articles which clearly emphasized the wisdom of negotiating solutions to problems. Pravda, for example, declared that the USSR attached considerable importance to the development of "equal and mutually beneficial" relations with the US, and Izvestia, although it did not mention the US directly, called for a settlement of international problems through negotiations, "not confrontation." The articles reiterated support for North Vietnam, but in such a way as to suggest that negotiations offer the best way of ending the war.

A commentary on the Moscow evening television news of 16 May, noting that the President will begin his visit next week, explained that the summit talks will review all outstanding questions with the aim of improving bilateral relations and strengthening the outlook for peace. The commentator declared that "despite the stormy course of events," the USSR seeks the solution of international problems at the negotiating table.

The commentary invoked Brezhnev's authority in defending this policy. The marked relegation of Vietnam to the background in the editorials and commentary suggests that the Soviet leadership does not intend to permit this issue to jeopardize larger Soviet interests--including the summit. [REDACTED]

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CAMBODIA: The candidacy of former deputy prime minister In Tam will add to the credibility of the forthcoming presidential elections, but Lon Nol should have little difficulty winning.

Among the four individuals who have filed to run against Lon Nol, only In Tam appears likely to gain much support when the votes are cast on 4 June. The other prospective candidates are Keo Ann, a demagogic university professor; Sim Var, Cambodia's ambassador to Japan; and Huy Mong, a former head of the Veteran's Commission now serving as an assistant to Lon Nol.

If the election is reasonably honest, In Tam should do well in his home base in Kompong Cham Province and might make a decent showing in Phnom Penh. It seems unlikely, however, that he could beat Lon Nol or even, in combination with the other candidates, keep him from getting the majority that is necessary to prevent a runoff election. Lon Nol already has obtained the important endorsement of the military establishment, and efforts are under way to get out the vote of the troops and their dependents.

In what may be a bid to obtain the backing of Sirik Matak's supporters in the election, Lon Nol has managed to persuade Matak to accept a post as "special adviser" to the president. The duties of this new position have yet to be defined, but Matak will have the rank and privileges provided for the prime minister. The appointment may also have been made in order to pave the way for the eventual designation of Matak as vice president. Whatever the case, the move is sure to be unpopular with Phnom Penh's disgruntled students, whose protests against Matak forced him to quit the government in March.

With the election some two weeks away, there will be little time for any sustained or serious campaigning, which in any case will be restricted by security conditions in the countryside. No political parties have officially surfaced, but the pro-Lon

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Nol Socio-Republican Association and its offshoot, the Independent Republican Association, probably will use their limited resources and membership to generate support for the president.

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EGYPT-USSR: Moscow will study the feasibility of building new dams on the Nile River to provide additional electric power, improve navigation, and cope with the river bank erosion problem caused by construction of the Aswan High Dam.

Output of power from the High Dam is likely to be only about half of its ten billion KWH capacity because of limited water supplies and seasonal shifts in water-use patterns for irrigation and power production. Construction of several heavy power-consuming plants, expansion of the Helwan Iron and Steel Complex, and electrification of Egyptian villages--all Soviet-aided projects scheduled for completion by 1977--may require 15 billion KWH of electricity annually.

Cairo is attempting to develop new sources of power and has sought Soviet assistance in building Egypt's first nuclear power plant. A protocol has been signed for study of a hydroelectric dam to be built at Al Silsilah, north of the High Dam, one of five such projects being considered.

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USSR: The regime has again criticized deficiencies in the production of consumer goods.

A recent editorial in Pravda emphasizes that the goal of the 1971-75 plan to allocate almost twice as many resources to the development of light industry than was the case during the preceding five-year period is running into trouble. The 1971 target for new plant and equipment in light industry was not met, and the present situation at many construction sites is described as "serious." Pravda criticized the Ministry of Light Industry as well as several construction ministries that underrate the importance of the consumer sector.

The regime's response to this situation is one of exhortation and a call for greater party and local administrative involvement in the managerial affairs of the ministries concerned. This is in line with the current emphasis on the party's role in such matters, but the present campaign is likely to be no more efficacious than similar efforts in the past. [REDACTED]

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EL SALVADOR: The country's usually active rumor mill, fed by discontent with the elections earlier this year and the shock of an attempted coup, has been in high gear for over a month and has produced a widespread sense of uneasiness. There appears, however, to be no serious threat to an orderly transfer of power on 1 July.

Most rumors stem from the repercussions of the abortive coup attempt on 25 March and concern over the possibility of enough residual discontent in the military to foster a second try. In addition to the usual election-year agitation among younger officers for retirement of senior members of the military, many officers feel they were deceived about the governing party's electoral strength and that the military institution was sullied by having to buttress a weak government during the bitterly contested elections.

Another source of speculation is the official party itself and the internal stresses of recovering public support. The elections provided no strong popular mandate, and efforts to broaden the support base for the incoming government by shifting to a more forceful reform program have sparked opposition from conservative sectors of the party. This is most evident in the scramble for cabinet positions under the new administration.

President Sanchez and President-elect Molina probably will be able to calm the choppy waters through compromise and diplomacy. While Sanchez, angered by the coup attempt, appears more inflexible than usual, Molina has been making the rounds of military installations trying to boost morale and establish a dialogue, especially with the younger officers. He favors a more energetic reform program and amnesty for those involved in the revolt.

The greatest danger in the fragile, rumor-filled atmosphere is that some other group within the military will read the uneasiness as an invitation to intervene and "stabilize" matters. [REDACTED]

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NATIONAL INTELLIGENCE ESTIMATE

The United States Intelligence Board has approved the following national intelligence estimate:

SNIE 11.1-72 "Security Conditions in the
USSR, Poland, Austria and
Iran"

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